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Total No. of Pages: 02
Total No. of Questions: 15

MBA (Sem.-2ND)

FINANCIAL MANAGEMENT

Subject Code: MBA-205
Paper ID: C0250

Time: 3 Hrs. **Max. Marks:60**

SECTION - A

NOTE: Attempt any FOUR questions from Section A. Each question carries FIVE marks.

Q1 Discuss conflict in profit versus wealth maximization objective.

Q2 Discuss the concept of "Optimal Capital Structure".

Q3 Discuss the concept of Debt-Equity or EBIT-EPS indifference point, while determining the capital structure of a company.

Q4 Explain the relevance of time value of money in financial decisions.

Q5 What do you understand by temporary working capital? How it should be financed?

Q6 How the valuation of warrants and convertibles is done?

SECTION - B

NOTE: Section B consist of four sub sections I, II, III and IV. Attempt any one question from each of the sub section. Each question carries EIGHT marks

Unit - I

Q7 Examine the role of finance manager in the changing scenario? What are the various decision making areas of finance manager?

Q8 Explain the concept of valuation? How the valuation of various securities done?

Unit-II

Q9 Compare and contract NPV vs. IRR as method of appraising capital investments? Which method is better is better and why?

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Q10 Explain the various methods for incorporating risk and uncertainty in the capital budgting process.

Unit-III

Q11 Explain the dividend irrelevance theory promoted by Modigliani and Miller. How they support their proposition?

Q12 Explain the various models of dividend policy? Do you think that they are relevant?

Unit-IV

Q13 What is working capital managemnt all about? How the risk return trade off is done in working capital management?

Q14 Why Inventories are required in the organization? What are the various techniques of inventory management?

SECTION - C

<u>NOTE:</u> This question is compulsory and carries 8 marks.

Q15 Equipment A has a cost of Rs. 75,000 and net cash flow of Rs. 20,000 per year, for six years. Asubstitute equipment B would cost Rs. 50,000 and generate net cash flow of Rs. 14,000 per year for six years. The required rate of return of both equipments is 11 percent. Calculate the IRR and NPV for the equipments. Which equipment would be accepted and why?

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